

## FINAL SEMESTER EXAMINATION

Programme : **FOUNDATION IN ARTS**  
Course : **ESSENTIALS OF ECONOMICS**  
Course Code : **FA1314**  
Duration : **3 hours**

### INSTRUCTIONS TO CANDIDATES:

1. Please read the instructions given in the question paper **CAREFULLY**.
2. This question paper consists of **FOUR (4)** questions
3. Answer **ALL** questions in the question paper.
4. Answers to the questions are to be written into the examination booklet.
5. Electronic dictionaries, lecture notes, files or any unauthorised materials except writing equipment are strictly prohibited.

This question paper must be submitted along with all used and/or unused rough papers and/ or graph papers (if any). Candidates are **NOT ALLOWED** to take any examination paper(s) used or unused out of the examination hall.

### WARNING:

The Examination Board of Peninsula College Georgetown regards cheating as a very serious offence and will not hesitate to mete out the appropriate punitive actions according to the severity of the offence committed, and in the accordance with the clauses stipulated in the Students' Handbook, up to and including expulsion from Peninsula College Georgetown.

*(This booklet contains 3 printed pages including this page)*

**DO NOT OPEN THIS BOOKLET UNTIL YOU ARE ALLOWED TO DO SO**

For examiner's use only

QUESTION NO.	MARKS
1	/ 25
2	/ 25
3	/ 25
4	/ 25
<b>Total</b>	<b>/ 100</b>

Answer **ALL** questions on the separate sheet provided.

**[100 marks]**

1. a) Explain the concepts of scarcity, choice, and opportunity cost with production possibilities frontier (PPF). (10 marks)
  
  - b) Using the demand and supply curves, illustrate what might happen to the equilibrium price and quantity of cars if consumers expect the price of cars to fall in the future. (9 marks)
  
  - c) Explain elastic demand and inelastic demand with diagrams. (6 marks)
- Total: [25 marks]

2. a) The table below presents the demand and cost schedules of a monopolistic competitive firm.

Output (Units)	Price (RM)	Total Cost (RM)	Marginal Revenue (RM)	Marginal Cost (RM)
1	40	20		-
2	36	40		
3	32	58		
4	28	72		
5	24	80		
6	20	84	0	

- (i) Calculate the marginal revenue and marginal cost for each output level. (5 marks)
  - (ii) Determine the profit-maximising output and price. (2 marks)
  - (iii) Calculate the economic profit or loss at profit-maximising output. (3 marks)
- b) Describe the **THREE (3)** types of price discrimination with examples. (9 marks)
  
  - c) Briefly explain any **THREE (3)** characteristics of a perfect competition market. (6 marks)
- Total: [25 marks]

3. a) Define inflation. Distinguish between demand-pull inflation and cost-push inflation. (10 marks)
  
- b) Based on the following table, calculate the labour force, labour-force participation rate, and unemployment rate in 2020 and 2021. (9 marks)

	<b>2020</b>	<b>2021</b>
Population	223.6 million	226.5 million
Adult population	168.2 million	169.5 million
Number of unemployed	7.4 million	8.1 million
Number of employed	105.2 million	104.2 million

- c) List any **SIX (6)** advantages of international trade. (6 marks)  
Total: [25 marks]
4. a) Examine the **FIVE (5)** stages in a business cycle. Illustrate the diagram. (15 marks)
- b) Briefly describe the concept of gross domestic product (GDP). Provide examples to each component of GDP. (10 marks)  
Total: [25 marks]

**- END OF QUESTIONS -**